

Consolidated Financial Statements of

## **TOBACCO PLAINS INDIAN BAND**

Year ended March 31, 2016



## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Tobacco Plains Indian Band (the "Band") and all the information in this report are the responsibility of management and have been approved by the Chief and a Council member on behalf of the Band Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects, including the consolidated financial position of the Band and the results of its consolidated operations and its consolidated cash flows.

The Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Band's assets are appropriately accounted for and adequately safeguarded.

Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The elections for the positions of Chief and Council occur every two years. Individuals are elected for a term of four years, with elections staggered every two years.

Chief and Council review the Band's financial statements and recommend their approval. Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditors' report. Chief and Council takes this information into consideration when approving the financial statements for issuance to the Members. In addition, Chief and Council also consider the engagement of the Band's external auditors.

The consolidated financial statements have been audited by KPMG LLP in accordance with Canadian generally accepted auditing standards on behalf of the Members. KPMG LLP have full access to Chief and Council.

Mary Motschal  
Chief

Janie Gravelle  
Council member

July 7, 2016





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## INDEPENDENT AUDITORS' REPORT

To Chief and Council and Members of Tobacco Plains Indian Band

We have audited the accompanying consolidated financial statements of Tobacco Plains Indian Band (the "Band"), which comprise the consolidated statement of financial position as at March 31, 2016, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Band's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Band's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of Tobacco Plains Indian Band as at March 31, 2016, and its consolidated results of operations, its consolidated change in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'KPMG LLP'.

Chartered Professional Accountants

Kelowna, Canada

July 7, 2016

# TOBACCO PLAINS INDIAN BAND

## Consolidated Statement of Financial Position

March 31, 2016, with comparative information for 2015

	2016	2015
<b>Financial Assets</b>		
Cash and cash equivalents (note 2)	\$ 8,406	\$ 224,267
Restricted cash and cash equivalents (note 2)	4,131,032	1,160,991
Accounts receivable (note 3)	632,719	465,128
Investments (note 4)	15,108	10,295
Investment in government business enterprises (note 5)	1,715,240	1,528,868
	6,502,505	3,389,549
<b>Liabilities</b>		
Accounts payable and accrued liabilities	152,458	138,366
Deferred revenue (note 6)	58,396	341,589
Term debt (note 7)	741,437	766,439
Replacement reserve (note 8)	11,250	5,850
	963,541	1,252,244
<b>Net financial assets</b>	<b>5,538,964</b>	<b>2,137,305</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (note 9)	2,305,460	2,240,590
Prepaid expenses and deposits	-	3,092
	2,305,460	2,243,682
<b>Accumulated surplus (note 10)</b>	<b>\$ 7,844,424</b>	<b>\$ 4,380,987</b>

Commitments (note 14)

See accompanying notes to financial statements.

On behalf of the Chief and Council:

Mary Mahesilook Chief

Jamie Gaultier Council member

# TOBACCO PLAINS INDIAN BAND

## Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2016, with comparative information for 2015

	2016 Budget	2016	2015
	(note 1(g))		
<b>Revenue:</b>			
Transfers from other governments:			
Indigenous and Northern Affairs Canada	\$ 2,128,269	\$ 1,075,094	\$ 907,905
Other federal government	215,254	51,940	34,039
Province of British Columbia	250,000	420,800	250,552
Ktunaxa Nation Council (note 15)	269,849	281,463	282,181
Grants	1,115,000	19,370	295,385
Canada Mortgage and Housing Corporation			
subsidy	33,110	27,488	28,033
First Nations Goods and Services Tax	146,090	167,079	163,669
Property taxation	54,500	52,813	52,051
User fees	909,000	506,333	76,866
Rent and lease	166,273	152,015	160,795
Interest	1,000	10,113	17,258
Other	120,438	125,414	26,152
Impact Management and Benefit Agreement	-	2,860,744	64,107
Equity in earnings of business enterprise (note 5)	-	186,372	179,324
	5,408,783	5,937,038	2,538,317
<b>Expenses (Schedule 1):</b>			
Administration	535,100	530,789	514,788
Band Housing	100,077	111,821	43,101
Band Revenue	73,314	53,942	21,087
Capital	-	116,584	110,049
Community Health Services	221,697	202,059	183,021
Economic Development	125,200	113,333	53,147
Education	259,373	161,873	169,340
Lands and Resources	1,233,993	799,156	547,769
Municipal Services	157,340	137,659	156,153
Social Development	182,275	126,708	134,903
Social Housing	62,269	58,980	64,478
Taxation	128,750	60,697	99,647
	3,079,388	2,473,601	2,097,483
<b>Surplus</b>	2,329,395	3,463,437	440,834
Accumulated surplus, beginning of the year	4,380,987	4,380,987	3,940,153
<b>Accumulated surplus, end of year</b>	\$ 6,710,382	\$ 7,844,424	\$ 4,380,987

See accompanying notes to financial statements.

# TOBACCO PLAINS INDIAN BAND

## Consolidated Statement of Change in Net Financial Assets

Year ended March 31, 2016, with comparative information for 2015

	2016 Budget	2016	2015
	(note 1(g))		
Surplus	\$ 2,329,395	\$ 3,463,437	\$ 440,834
Changes to non-financial assets:			
Acquisition of tangible capital assets	(2,372,000)	(207,359)	(303,600)
Amortization of tangible capital assets	- 142,489	142,489	147,224
	(2,372,000)	(64,870)	(156,376)
Net use of prepaid expenses and deposits	-	3,092	1,409
Increase (decrease) in net financial assets	(40,589)	3,401,659	285,867
Net financial assets, beginning of year	2,137,305	2,137,305	1,851,438
Net financial assets, end of year	\$ 2,096,716	\$ 5,538,964	\$ 2,137,305

See accompanying notes to financial statements.

# TOBACCO PLAINS INDIAN BAND

## Consolidated Statement of Cash Flows

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Cash received from Indigenous and Northern Affairs Canada	\$ 1,023,879	\$ 957,592
Cash received from grants, property taxes, user fees, rent and other revenue	4,258,618	1,495,107
Cash paid to employees and suppliers	(2,289,594)	(1,928,810)
Interest received	10,113	17,258
Interest paid	(17,062)	(20,804)
	2,985,954	520,343
Financing activities:		
Repayment of term debt	(25,002)	(28,941)
Increase in replacement reserve	5,400	5,400
	(19,602)	(23,541)
Capital activities:		
Acquisition of tangible capital assets	(207,359)	(303,600)
Investing activities:		
Net increase in investments	(4,813)	(1,407)
Increase in restricted cash and cash equivalents	(2,970,041)	(145,101)
Net distribution from business enterprise	-	1,228
	(2,974,854)	(145,280)
Increase (decrease) in cash and cash equivalents	(215,861)	47,922
Cash and cash equivalents, beginning of year	224,267	176,345
<b>Cash and cash equivalents, end of year</b>	<b>\$ 8,406</b>	<b>\$ 224,267</b>
Non-cash financing, capital and investing activities:		
Equity in earnings of business enterprise	\$ 186,372	\$ 179,324

See accompanying notes to financial statements.

# TOBACCO PLAINS INDIAN BAND

## Notes to Consolidated Financial Statements

Year ended March 31, 2016

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Tobacco Plains Indian Band provides local government, education and social development services to its members. The Band is organized under the Indian Act of Canada.

### **1. Basis of presentation and significant accounting policies:**

These financial statements include the assets, liabilities, and results of operations of the Tobacco Plains Indian Band (the "Band") and all related entities and organizations subject to control by the Band's Chief and Council. No inclusion has been made of assets, liabilities, revenue or expenses of Band members, individually or collectively, incorporated or unincorporated, that are not controlled by or the responsibility of the Band's Chief and Council.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments, as established by the Public Sector Accounting Board ("PSAB"), which encompasses the following principles:

(a) Fund accounting:

The Band uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been consolidated for the purpose of presentation in the consolidated financial statements.

(b) Reporting entity:

The Band's reporting entity includes the Tobacco Plains Indian Band community government and all related entities and organizations which are accountable for the administration of their financial affairs and resources to the Band and are either owned or controlled by the Band.

i) Investment in government business enterprises:

The Band records its investments in government business enterprises (GBE) on a modified equity basis. Under the modified equity basis, the GBE's accounting policies are not adjusted to conform with those of the Band and inter-organizational transactions and balances are not eliminated. The Band recognizes its equity interest in the annual earnings or loss of the GBE's in its statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends that the Band may receive from the GBE's will be reflected as deductions in the investment asset account.

The Band's government business enterprises investment consist of a 100% interest in Tobacco Plains Development Corporation.

ii) Investments:

Investments in entities in which the Band does not control individually or jointly are recorded at acquisition cost. If there has been an other than temporary decline in the value of an investment, the investment is written down to its net realizable value.

# TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## 1. Basis of presentation and significant accounting policies (continued):

### (b) Reporting entity (continued):

#### iii) Trust funds:

Trust funds and their related operations administered by the Band are included in these consolidated financial statements.

### (c) Cash and cash equivalents:

Cash and cash equivalents includes, cash and investments in highly liquid money market funds that are readily convertible to cash.

### (d) Revenue recognition:

Government transfers, grants and subsidy revenue are recognized as the Band becomes entitled to the funding under the terms of applicable funding agreements and is recorded in the period in which the resources are used for the purpose specified in the agreements. Restricted funding received which relates to a subsequent fiscal period or which stipulations that give rise to an obligation are reported as deferred revenue until the resources are used for the purpose or purposes specified and/or the stipulations giving rise to an obligation have been met.

Rent, lease and user fee revenue is recognized on a monthly basis as income is earned and when collection is reasonable assured. Property and First Nations Goods and Services tax revenues are recognized at the time the taxes are levied.

Other revenue, including sales of goods and provision of services are recognized in the period the goods or services are provided and the related proceeds are received or receivable.

# TOBACCO PLAINS INDIAN BAND

## Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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### 1. Basis of presentation and significant accounting policies (continued):

#### (e) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation with a corresponding amount recorded as revenue. Tangible capital assets under construction are not amortized until the asset is available or use.

Tangible capital assets are amortized over their expected useful lives as follows:

Asset	Basis	Amount
Buildings	Declining balance	4%
Infrastructure	Declining balance	4-8%
Equipment	Declining balance	20-45%
Automotive	Declining balance	30%
Site improvements	Declining balance	4%

When management determines that a tangible capital asset no longer contributes to the Band's ability to provide goods and services or that the value of future benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is written down to its net recoverable amount.

All intangible assets and items inherited by right of the Band, such as land, forests, water, natural resources and cultural and historic assets, are not recognized in the Band's financial statements.

#### (f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of financial and non-financial assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Significant areas requiring management estimates include the recoverable amount of accounts receivable and investments, and the useful lives of and net future economic benefits associated with tangible capital assets. Management reviews these estimates on a periodic basis and at least annually. Where necessary, management makes adjustments to these benefits prospectively.

# TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## 1. Basis of presentation and significant accounting policies (continued):

### (g) Budget data:

The budget data presented in these consolidated financial statements have been derived from the budget approved by the Band Chief and Council on March 22, 2015.

### (h) Segmented disclosure:

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. The Band has determined the most appropriate basis for classifying segments is by program. Segmented disclosures are provided in note 19 and Schedule 2 to the consolidated financial statements.

### (i) Financial instruments:

Financial instruments are initially classified upon initial recognition as a fair value or an amortized cost instrument. Instruments classified as fair value instruments include investments in equity instruments that are quoted in an active market, and any other items elected by the Band to be recorded at fair value. All other financial instruments are recorded at amortized cost. Transaction costs directly attributable to the acquisition or issue of a financial instrument are added to the amortized cost or expensed if related to instruments recorded on a fair value basis. The effective interest rate method is used to measure interest for financial instruments recorded at amortized cost.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations. For instruments measured at fair value, unrealized gains or losses are adjusted through the statement of remeasurement gains and losses. When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations. As at March 31, 2016, the Band does not have any financial instruments with significant differences between cost and fair value. Accordingly a statement of remeasurement gain (loss) has not been presented.

# TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## 2. Unrestricted and restricted cash and cash equivalents:

The Band maintains its cash and cash equivalents balances in several financial institutions in British Columbia. The Canada Deposit Insurance Corporation ("CDIC") insures each of these accounts up to \$100,000. The aggregate funds held in each institution may exceed the CDIC insured limit from time to time and specific funds held by each institution may not be covered by CDIC Insurance. Management does not anticipate any material effect on the consolidated financial position of the Band as a result of these concentrations.

Certain cash and cash equivalents has been internally restricted by the Band or externally restricted by federal or provincial government authorities for the following specific purposes. These funds have been invested in separate money market funds or cash accounts with interest rates ranging from 0.1% to 2.25%.

	2016	2015
<b>Internally restricted:</b>		
Cultural reserve	\$ 30,000	\$ -
General reserve	2,660,910	-
Health reserve	60,000	-
Lands reserve	550,095	350,000
Taxation reserve	100,016	75,000
	3,401,021	425,000
<b>Externally restricted:</b>		
Trust Funds on deposit with Indigenous and Northern Affairs Canada ("INAC")	180,175	176,071
Nolan Settlement Trust	538,586	554,070
Social Housing replacement reserve	11,250	5,850
	730,011	735,991
	<hr/>	<hr/>
	\$ 4,131,032	\$ 1,160,991

# TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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### 3. Accounts receivable:

	2016	2015
INAC	\$ 96,667	\$ 31,921
Ktunaxa Nation Council	301,996	127,776
Sales taxes recoverable	67,854	53,629
<u>Grants and other</u>	<u>137,587</u>	<u>225,505</u>
	604,104	438,831
Band members	224,007	234,599
Less allowance for doubtful accounts		
Band members	(195,392)	(208,302)
	28,615	26,297
	<hr/> \$ 632,719	<hr/> \$ 465,128

# TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## 4. Investments:

	2016	2015
Ktunaxa Holdings Ltd. ("KHL"), shares, at cost	\$ 1	\$ 1
Ktunaxa Holdings Limited Partnership ("KHLP"), limited partnership interest	1	1
SEM Holdings Ltd. ("SHL"), shares, at cost	1	1
All Nations Trust Company, shares, representing a less than 1% interest	2,000	2,000
SunLife Financial, shares	13,105	8,292
	<hr/> \$ 15,108	<hr/> \$ 10,295

The Band's investment in KHL consists of 20% beneficial interest in one common share. KHL's primary asset is an investment in KHLP, which holds a 99.99% interest in Nupqu Development Limited Partnership ("NDLP"). NDLP's general partner is Nupqu Development Corporation, in which KHL holds a 100% interest. As the Band, through its investment, does not control or jointly control KHL, the investment has been recorded using the cost method.

The Band holds 20% limited partnership interest in KHLP, in which KHL is the general partner. The Band's investment is recorded at cost as the Band does not control or jointly control KHLP's operations or assets. The Band records earnings from its investment in KHLP based on cash distributions of limited partnership earnings received. The Band's investment consists of its initial cost of \$39,010, less a impairment provision of \$39,009. To March 31, 2016, the Band has not received any limited partnership distributions from KHLP.

The Band's investment in SHL consists of 20% beneficial interest in one common share. SHL's assets include a 33% share of the St. Eugene Mission Resort ("SEM"). As the Band, through its investment, does not control or jointly control SHL, the investment has been recorded using the cost method.

# TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## 5. Investments in government business enterprises:

	2016	2015
Tobacco Plains Development Corporation:		
Investment in shares, at cost	\$ 60	\$ 60
Advances	918,838	918,838
Accumulated equity in earnings	796,342	609,970
	<hr/> \$ 1,715,240	<hr/> \$ 1,528,868

Advances to Tobacco Plains Development Corporation are unsecured, non-interest bearing and have no stated terms of repayment.

Tobacco Plains Development Corporation oversees economic opportunities for the Band and the purpose of the Tobacco Plains Development Corporation is to foster the economic and social betterment of the Band members. Tobacco Plains Development Corporation's operations include three campgrounds, a duty free store, and lease operations.

Financial information for Tobacco Plains Development Corporation as at and for the year ended February 29, 2016 is summarized as follows:

	2016	2015
Balance sheet information:		
Assets	\$ 1,876,141	\$ 1,654,657
Liabilities	1,079,737	1,044,625
Shareholder's equity	796,404	610,032
Results of operations:		
Revenues	1,513,339	1,583,374
Cost of sales	553,444	619,306
	959,895	964,068
Expenses	744,453	755,536
Other income (loss)	(265)	(1,191)
Income taxes	28,805	28,017
Net earnings	<hr/> \$ 186,372	<hr/> \$ 179,324

The fiscal year end of the Tobacco Plains Development Corporation is February 29, 2016 (2015 - March 31, 2015) and the financial information provided above is as at and for the period ended February 29, 2016, with comparative information as at and for the period ended March 31, 2015. There were no material changes in the Tobacco Plains Development Corporation's operations from their fiscal year end date to March 31, 2016

# TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## 6. Deferred revenue:

	2016	2015
Unexpended INAC funding	\$ 35,449	\$ 21,918
Other federal government	-	300,281
Grants	22,947	19,390
	<hr/> \$ 58,396	<hr/> \$ 341,589

The net change in deferred revenue for the year was as follows:

	2016	2015
Balance beginning of year	\$ 341,589	\$ 386,705
Contributions received	58,396	91,308
Recorded in revenue	(341,589)	(136,424)
Balance, end of year	<hr/> \$ 58,396	<hr/> \$ 341,589

# TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## 7. Term debt:

	2016	2015
<b>Social Housing Program</b> Mortgage, repayable in monthly instalments of \$3,365 including interest at 2.04%, maturing March 2039, secured by a guarantee from INAC	\$ 741,437	\$ 766,439

Scheduled principal payments on long-term debt for the next five years are as follows:

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2017	\$ 25,486
2018	26,011
2019	26,547
2020	27,093
2021	27,651

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## 8. Replacement reserve:

Under the terms of the Band's agreements with Canada Mortgage and Housing Corporation ("CMHC"), a replacement reserve account is to be credited by an amount determined on an annual basis. The amount contributed to the Social Housing program replacement reserve account for the year was \$5,400 (2015 - \$5,400). These funds, along with accumulated interest, must be held in separate bank accounts and/or invested only in accounts or instruments insured by CDIC, or as may otherwise be approved by CMHC. The funds may only be expended as approved by CMHC.

The change in the replacement reserves is calculated as follows:

	Beginning balance	Contributions	Interest	Approved expenses	Ending balance
Social Housing program	\$ 5,850	\$ 5,400	\$ -	\$ -	\$ 11,250

# TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

## 9. Tangible capital assets:

March 31, 2016	Buildings	Infrastructure	Equipment & Automotive	Site improvements	Total
Cost:					
Beginning of year	\$ 2,092,908	\$ 699,716	\$ 609,478	\$ 23,147	\$ 3,425,249
Acquisitions	-	154,359	53,000	-	207,359
Balance, end of year	2,092,908	854,075	662,478	23,147	3,632,608
Accumulated amortization:					
Balance, beginning of year	646,681	174,450	360,451	3,077	1,184,659
Amortization	41,369	24,756	75,561	803	142,489
Balance, end of year	688,050	199,206	436,012	3,880	1,327,148
Net book value, end of year	\$ 1,404,858	\$ 654,869	\$ 226,466	\$ 19,267	\$ 2,305,460
March 31, 2015	Buildings	Infrastructure	Equipment & Automotive	Site improvements	Total
Costs:					
Balance, beginning of year	\$ 1,952,705	\$ 571,472	\$ 574,325	\$ 23,147	\$ 3,121,649
Acquisitions	140,203	128,244	35,153	-	303,600
Balance, end of year	2,092,908	699,716	609,478	23,147	3,425,249
Accumulated amortization:					
Balance, beginning of year	606,210	154,490	274,494	2,241	1,037,435
Amortization	40,471	19,960	85,957	836	147,224
Balance, end of year	646,681	174,450	360,451	3,077	1,184,659
Net book value, end of year	\$ 1,446,227	\$ 525,266	\$ 249,027	\$ 20,070	\$ 2,240,590

# TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## 10. Accumulated surplus:

	2016	2015
Financial surplus:		
Unrestricted operating surplus	\$ 2,160,619	\$ 1,751,695
<u>Internally restricted surplus (note 11)</u>	<u>3,401,021</u>	<u>425,000</u>
	5,561,640	2,176,695
Invested in tangible capital assets (note 12)	1,564,023	1,474,151
Externally restricted surplus (note 13)	718,761	730,141
	<b>\$ 7,844,424</b>	<b>\$ 4,380,987</b>

## 11. Internally restricted surplus:

	Beginning balance	Contributions	Interest	Approved Expenses	Ending Balance
Cultural reserve	\$ -	\$ 30,000	\$ -	\$ -	\$ 30,000
General reserve	-	2,660,462	448	-	2,660,910
Health reserve	-	60,000	-	-	60,000
Lands reserve	350,000	200,000	95	-	550,095
Taxation reserve	75,000	25,000	16	-	100,016
	<b>\$ 425,000</b>	<b>\$ 2,975,462</b>	<b>\$ 559</b>	<b>\$ -</b>	<b>\$ 3,401,021</b>

# TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## 12. Invested in tangible capital assets:

### (a) Investment in tangible capital assets:

	2016	2015
Tangible capital assets	\$ 2,305,460	\$ 2,240,590
Less financed by:		
Term debt	(741,437)	(766,439)
	<hr/> \$ 1,564,023	<hr/> \$ 1,474,151

### (b) Change in invested in tangible capital assets:

	2016	2015
Balance, beginning of year	\$ 1,474,151	\$ 1,294,069
Amortization of tangible capital assets	(142,489)	(147,224)
Acquisition of tangible capital assets	207,359	303,600
Repayment of term debt	25,002	23,706
Balance, end of year	<hr/> \$ 1,564,023	<hr/> \$ 1,474,151

# TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## 13. Externally restricted surplus:

	Beginning balance	Contributions	Interest	Approved Transfers	Ending Balance
INAC					
Capital	\$ 91,012	\$ -	\$ -	\$ -	\$ 91,012
Revenue	85,059	-	4,104	-	89,163
	176,071	-	4,104	-	180,175
Nolan Settlement Trust	554,070	-	3,692	(19,176)	538,586
	\$ 730,141	\$ -	\$ 7,796	\$ (19,176)	\$ 718,761

The INAC Trust accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. These funds are restricted in their use, of which the Band is generally permitted to use for a purpose that will promote the general progress and welfare of the Band and Band members. The management of the funds is primarily governed by the sections of the Indian Act.

## 14. Commitments:

The Band has non-cancelable operating lease commitments at an annual amount of \$2,415 until February 2018. The total lease commitments for the next two years is as follows:

2017	\$ 2,415
2018	2,214
	\$ 4,629

# TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## 15. Related party transactions:

- (a) The Tobacco Plains Indian Band is one of four Indian Bands that comprise the Ktunaxa Nation Council. Transactions with the Ktunaxa Nation Council during the year consisted of funds received for various programs of \$281,463 (2015 - \$282,181). All of the identified transactions are encompassed within the Ktunaxa Nation Council financial statement caption.
- (b) Recognized rent and profit sharing revenue receivable from Tobacco Plains Development Corporation of \$118,225 (2015 - \$114,400).
- (c) The Band paid Nupqu Development Limited Partnership \$13,522 (2015 - \$15,982) for fuel reduction treatment, and \$9,593 (2015 - \$nil) for woodlot development costs.

These transactions are in the normal course of operations and are measured at the exchange value, which is the amount of consideration established and agreed to by the related parties.

## 16. Employee future benefits:

The Band matches employee contributions to a defined contribution plan, which is administered by Great West Life. The total pension expense, representing employer contributions to the plan, for the year was \$25,091 (2015 - \$21,368)

## 17. Financial risks and concentration of risks:

### (a) Credit risk:

Credit risk refers to the risk that counterparty may default on its contractual obligations resulting in a financial loss. As discussed in note 2, the Band holds its cash and cash equivalents, with federally regulated chartered banks who are insured by the CDIC.

The Band has performed an analysis of the age of financial assets that are past due as at March 31, 2016 and has recorded a total impairment provision of \$195,392 (2015 - \$208,302) with respect to its accounts receivable balance based on the likelihood of ultimate collectibility.

# TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## 17. Financial risks and concentration of risks (continued):

### (b) Liquidity risk:

Liquidity risk is the risk that the Band will not be able to meet its financial obligations as they become due. The Band monitors the maturity of its financial liabilities and assesses whether it has sufficient cash to settle these financial obligations when due.

The following table summarizes the contractual maturities of the Band's financial liabilities:

In thousands of dollars	March 31, 2016		
	On demand	Up to 1 year	Over 1 year
Total			
Accounts payable and accrued liabilities	152	-	-
Term debt	-	25	716
Replacement reserve	11	-	-
	\$ 163	\$ 25	\$ 716
			\$ 904

In thousands of dollars	March 31, 2015		
	On demand	Up to 1 year	Over 1 year
Total			
Accounts payable and accrued liabilities	138	-	-
Term debt	-	25	741
Replacement reserve	6	-	-
	\$ 144	\$ 25	\$ 741
			\$ 910

# TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## **17. Financial risks and concentration of risks (continued):**

### **(c) Interest rate risk:**

Interest rate risk relates to the impact of changes in interest rates on the Band's future cash inflows from its investments and future cash outflows on its term debt. The Band's cash and cash equivalents are held in cash or short term money market instruments, accordingly, the Band is not subject to significant interest rate risk in regards to these financial assets.

The Band is subject to interest rate risk with respect to its term debt, which bears interest at fixed rates as disclosed in note 7. The Band manages interest rate risk through negotiations with lenders at origination or renewal of loan agreements.

## **18. Economic dependence:**

The Band receives a major portion of its revenues pursuant to a funding agreement with INAC. Any disruption in this funding could have a negative effect on Band operations.

## **19. Segmented information:**

Segmented information has been identified based upon lines of service provided by the Band. Band services are provided by departments and their activities are reported by functional areas in the body of the financial statements. Certain lines of service that have been separately disclosed are summarized below, with activity for the year ended March 31, 2016 summarized in Schedule 2.

### **(a) Administration**

Administration provides the functions of corporate administration, finance, human resources, legislative services, and elected officials.

### **(b) Band Housing**

Band housing includes revenue and expenses related to rental housing units owned or managed on behalf of others by the Band.

### **(c) Band Revenue**

Band revenue includes revenue and expenses related to Band community projects and events.

# TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## 19. Segmented information (continued):

### (d) Capital

Capital includes grant and other funding and related expenses for the upgrade and addition to the Band's tangible capital assets.

### (e) Community Health Services

Community health services includes revenue and expenses related to the operation of a community health and wellness programs to Band members.

### (f) Economic Development

Economic development includes revenues and expenses related to administering and facilitating new business opportunities and projects for the Band.

### (g) Education

Education is responsible for administering and facilitating education programs such as secondary education, post secondary and community education programs.

### (h) Lands and Resources

Lands and resource management includes revenue and expenses related to the management and planning of the Band's land and resources.

### (i) Municipal Services

Maintenance of facilities includes funding for and expenses related to the repair and maintenance of the community water systems, roads, equipment and buildings.

### (j) Social Development

Social development provides social programs to Band members.

# TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## **19. Segmented information (continued):**

### **(k) Social Housing Program**

The Social Housing Program administers the CMHC program to provide and advocate for secure, affordable housing under the CMHC program Phase 6.

### **(l) Taxation**

Taxation includes revenues from property tax levies, Goods and Services tax and costs related to the administration of the property taxation department.

# TOBACCO PLAINS INDIAN BAND

## Schedule 1 - Consolidated Expenses by Object

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Accounting and legal	\$ 97,727	\$ 95,136
Amortization	142,489	147,224
Bad debts	7,272	15,265
Contract services	53,634	39,029
Education	48,286	79,680
Honouraria	44,542	42,150
Insurance	57,765	50,705
Interest and bank charges	17,062	20,804
Miscellaneous	16,239	12,581
Programming	506,100	233,985
Repairs and maintenance	139,805	107,336
Replacement reserve	5,400	5,400
Transfer under agreement	740	34,951
Social Health and child benefits	153,016	138,936
Supplies	99,612	78,994
Telephone	12,772	16,551
Training (recovery)	(961)	5,300
Travel	59,968	66,882
Utilities	14,102	10,037
Wages and benefits	998,031	896,537
	<hr/> \$ 2,473,601	<hr/> \$ 2,097,483

## TOBACCO PLAINS INDIAN BAND

### Schedule 2 - Segmented Information

Year ended March 31, 2016, with comparative figures for 2015

Year ended March 31, 2016												
	Revenue											
	Contributions (to)					Financial					Financial	
	INAC	Other	from Other	Programs	Total	Expenses	Surplus	Surplus	2015	Amortization	Transfers	2016
Administration	\$ 190,002	\$ 38,375	\$ 253,000	\$ 481,377	\$ 530,789	\$ (49,412)	\$ 121,535	\$ -	\$ 15,484	\$ 87,607		
Band Housing	28,925	35,688	81,003	145,616	111,821	33,795	(74,845)			(4,104)	(45,154)	
Band Revenue	-	90,996	(31,000)	59,996	53,942	6,054	(102,910)			-	(96,856)	
Capital	144,224	-	-	144,224	116,584	27,640	(75,902)	116,021	(207,359)	(139,600)		
Community Health Services	28,741	253,446	(29,900)	252,287	202,059	50,228	514,113			-	564,341	
Economic Development	40,453	197,935	60,600	298,988	113,333	185,655	743,151			-	928,806	
Education	168,719	9,680	(10,700)	167,699	161,873	5,826	365,201			-	371,027	
Lands and Resources	230,415	3,934,366	(281,111)	3,883,670	799,156	3,084,514	551,470			-	3,635,984	
Municipal Services	97,026	7,835	11,700	116,561	137,659	(21,098)	(229,411)			-	(250,509)	
Social Development	146,589	-	(2,200)	144,389	126,708	17,681	9,290			-	26,971	
Social Housing	-	58,932	133	59,065	58,980	85	(81,018)	26,468	(25,002)	(79,467)		
Taxation	-	234,691	(51,525)	183,166	60,697	122,469	436,021			-	558,490	
	\$ 1,075,094	\$ 4,861,944	\$ -	\$ 5,937,038	\$ 2,473,601	\$ 3,463,437	\$ 2,176,695	\$ 142,489	\$ (220,981)	\$ 5,561,640		

Year ended March 31, 2015												
	Revenue											
	Contributions (to)					Financial					Financial	
	INAC	Other	from Other	Programs	Total	Expenses	Surplus	Surplus	2014	Amortization	Transfers	2015
Administration	\$ 154,897	\$ 77,898	\$ 190,300	\$ 423,095	\$ 514,788	\$ (91,693)	\$ 220,807	\$ -	\$ (7,579)	\$ 121,535		
Band Housing	21,075	21,108	4,000	46,183	43,101	3,082	(70,805)			(7,122)	(74,845)	
Band Revenue	-	33,478	(6,500)	26,978	21,087	5,891	(108,801)			-	(102,910)	
Capital	260,887	2,550	-	263,437	110,049	153,388	(54,040)	121,686	(296,936)	(75,902)		
Community Health Services	21,293	226,619	(28,900)	219,012	183,021	35,991	478,122			-	514,113	
Economic Development	10,388	182,414	37,600	230,402	53,147	177,255	565,896			-	743,151	
Education	168,337	3,502	(22,800)	149,039	169,340	(20,301)	385,502			-	365,201	
Lands and Resources	39,541	794,146	(103,600)	730,087	547,769	182,318	369,152			-	551,470	
Municipal Services	91,786	10,465	24,200	126,451	156,153	(29,702)	(199,709)			-	(229,411)	
Social Development	142,551	(2,850)	(7,000)	132,701	134,903	(2,202)	11,492			-	9,290	
Social Housing	-	60,512	6,662	67,174	64,478	2,696	(78,882)	25,538	(30,370)	(81,018)		
Taxation	-	217,720	(93,962)	123,758	99,647	24,111	411,910			-	436,021	
	\$ 910,755	\$ 1,627,562	\$ -	\$ 2,538,317	\$ 2,097,483	\$ 440,834	\$ 1,930,644	\$ 147,224	\$ (342,007)	\$ 2,176,695		